

# COUNTY OF SAN DIEGO



Department of Housing and Community  
Development  
CDBG Subrecipient Training  
June 2013



# Topics to Cover

## Playing by the Rules

- ▶ Training Objectives
- ▶ Project Implementation
- ▶ Regulations
- ▶ Financial Management
- ▶ Procurement and Contracting
- ▶ Property Management
- ▶ Record-keeping
- ▶ Other Requirements
- ▶ Regulations/Information
- ▶ MWBE/Section 3/Davis Bacon
- ▶ Time is of the Essence
- ▶ Monitoring Unit (notable issues)

# Training Objectives



- ▶ Increase compliance and enhance performance
- ▶ Cover shared responsibilities
- ▶ Identify key subrecipient issues
- ▶ Use of handbook as problem-solving tool

# Project Implementation



- ▶ Timeliness is Key!
- ▶ Be prompt in signing and returning the CDBG Contract/MOU
- ▶ Start as soon as you receive the Notice to Proceed (NTP)
- ▶ If applicable, begin procurement process as soon as the NTP is received
- ▶ If your project includes other funds, spend CDBG first

# Project Implementation



- ▶ Submit Invoices for reimbursement on a regular basis, monthly where possible
- ▶ Spend funds within 12 months, if not sooner
- ▶ CDBG 1.5 Expenditure Standard
- ▶ Work closely with your assigned CDBG Project Manager
- ▶ Seek technical assistance
- ▶ Submit all required reports on time

# CDBG Regulations



Refer to Playing by the Rules Chapter 1:

- ▶ 24 CFR Part 570 (CDBG Program Regulations)
- ▶ Uniform Administrative Requirements
  - 24 CFR Part 84/85
  - OMB Circular A-122/A-87
  - OMB Circular A-133

# Financial Management



Refer to Playing by the Rules Chapter 2:

- ▶ Internal controls (written policies / procedures & checks and balances)
- ▶ Accounting records (reliable, current, complete, and adequate for reporting)
- ▶ Allowable costs (consistent w/ regulations, scope of work, allowed by grantee)
- ▶ Complete source documentation
- ▶ Cash management–Reimbursement method



# Procurement & Contracting



Refer to Playing by the Rules Chapter 3:

- ▶ Follow open and free competitive process and document all activities and decisions
- ▶ Require proper bonding and insurance
- ▶ If possible, use local, small, minority, and women-owned businesses
- ▶ Have written selection/protest procedures/  
written code of conduct for administration
- ▶ Maintain significant history records



# Procurement & Contracting



- ▶ Pre-qualified lists must follow procurement standards (current, competitive process)
- ▶ Exclude bidders who draft/develop specs
- ▶ Disqualify debarred/suspended bidders (always check EPLS and print out for file!)
- ▶ Observe special rules for purchase types

# Procurement & Contracting



- ▶ Small purchases of \$100,000 or less in the aggregate:
  - Use purchase orders
  - Competition sought through oral/written quotes
  - Document adequate number of quotes

# Procurement & Contracting



## ▶ Sealed Bids

- Submit bid documents for County review before release
- Formal ad for Invitation for Bid (IFB)
- IFB has complete/accurate specs with enough detail for bidders to properly respond
- Bid opened publicly at stated time/place
- Must receive at least two bids
- Award – lowest responsive/responsible bidder

# Procurement & Contracting



- ▶ Competitive Proposals
  - Use only if not appropriate for formal ads
  - RFP clearly/accurately states technical requirements for needed goods/services
  - Publicize to the maximum extent possible
  - Solicit from adequate pool
  - Evaluate, score, negotiate & award to most responsive/responsible offeror

# Procurement & Contracting



- ▶ Non-competitive/sole source
  - Use in very limited circumstances if.....
  - Item/service available from single source, or
  - Public emergency/condition of urgency, or
  - Competition was inadequate after receiving proposals from numerous sources

# Procurement & Contracting



- ▶ Procurement & contract must state:
  - Bonding: If construction > \$100,000, a bid guarantee equal to 5% of bid price, a performance bond & payment bond equal to 100% of contract prices
  - Section 3: for new construction/major rehab – if subrecipient receives \$200K; and/or if contracts are \$100K in CDBG funds
  - Labor Standards: If construction project > \$2,000 Davis–Bacon

# Property Management



Refer to Playing by the Rules Chapter 4:

- ▶ Property acquired/improved with CDBG funds in excess of \$25,000
  - Must be inventoried/maintained for 5 years following expiration of CDBG agreement – 4 years after last report (closed on CAPER)
  - Must be used for intended purpose for required period
  - Special rules apply to real property acquired by grantee agency & participating cities





# Record-Keeping

Refer to Playing by the Rules Chapter 5:

- ▶ Keep complete/accurate/orderly records:
  - Personnel and legal files
  - Property management files
  - General program files
  - Financial records
  - Project/case files
  - Keep 5 years after contract expires except for real property for grantees



# Other Requirements

Refer to Playing by the Rules Chapter 6:

- ▶ Independent (single) audit – if \$500,000 or more in federal funds expended in a year
- ▶ Must comply with other applicable program requirements – labor standards, lead-based paint, fair housing, environmental, relocation, conflict of interest, political activity, etc.

# Regulations/Information



- ▶ <http://www.hudclips.org/forms>
- ▶ Subparts J & K (24 CFR 570.500/513 – Grant Administration)

# Minority / Women Business



- Minority / Women's Business Enterprises (MWBE)
- Annual report [October 1 – September 30]
- Applies to contract or subcontract > \$10,000, or if it's a significant part of total project
- HUD Form 2516

# Section 3



- ▶ Wherever federal funds are used, economic opportunities will be given to Section 3 residents and businesses in that area.
- ▶ This applies to recipients of HUD Community Planning and Development funding exceeding \$200,000 to recipients or contracts exceeding \$100,000.
- ▶ For projects involving housing construction, demolition, rehabilitation, or other public construction completed with covered funding.
- ▶ Reporting Period: July 1 – June 30

# Section 3 Projects



- ▶ DPW –Lincoln Acres Ped Ramp; Descanso Pathway; Fallbrook Ammunition/Alturas
- ▶ DPR – Jess Martin Ball Field Park; Don Dussault Park
- ▶ DGS – Ramona Senior Center; Shelter Valley Community Center
- ▶ Grossmont Spring Valley Health Center
- ▶ Fallbrook Boys and Girls Club
- ▶ Lakeside Boys and Girls Club
- ▶ City ADA projects

# Resources



- ▶ A COMPLIANCE GUIDE TO SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968: Economic Opportunities for Low and Very Low Income Persons
- ▶ SECTION 3 WEBSITE:  
<http://www.hud.gov/offices/fheo/section3/section3.cfm>





# Davis–Bacon

- ▶ CDBG Projects > \$2,000
- ▶ Wage Rate Determination
- ▶ Federal Labor Standard Provisions HUD–4010 in contracts and bid documents
- ▶ Weekly Certified Payroll – reviewed, signed & dated
- ▶ Interviews with Employees at Construction Site (HUD–11)
- ▶ Documentation in Project Files
- ▶ Report semi-annually (Oct.– March; April–September )



# Resources

- MAKING DAVIS–BACON WORK: A Contractor’s Guide to Prevailing Wage Requirements for Federally Assisted Construction Projects
- On The Mark! <http://www.hud.gov/offices/olr/>
- Office of Labor Relations: <http://www.hud.gov/offices/olr/>
- DOL Office of Apprenticeship:  
<http://www.dir.ca.gov/apprenticeship.html>
- State License Board <http://www.cslb.ca.gov>
- DIR website <http://www.dir.ca.gov>
- Excluded parties search:  
<http://www.sam.gov/portal/public/SAM>

## CHWSSA (other wage requirements)

- **DOL Compliance link:**  
<http://www.dol.gov/compliance/laws/comp-cwhssa.htm>



# Davis–Bacon Projects

- ▶ Coronado – ADA Improvements
- ▶ Del Mar – ADA Camino Del Mar/11<sup>th</sup> St.
- ▶ Poway – ADA Barrier Removal Project
- ▶ Solana Beach – ADA Sidewalk Improvements
- ▶ Lakeside Boys & Girls Club – Renovations
- ▶ Grossmont Spring Valley Family Health Care – Improvements
- ▶ Fallbrook Boys & Girls Club – Gym Renovations



# Davis–Bacon Projects

- ▶ DPW –Lincoln Acres Ped Ramp; Descanso Pathway; Fallbrook Ammunition/Alturas
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- ▶ DGS – Ramona Senior Center; Shelter Valley Community Center

# Time is of the Essence



- ▶ Submit claims regularly w/required backup (reimbursements only for expenditures)
- ▶ Reports (qrtly/year-end/Sec.3/Davis Bacon/MWBE)
- ▶ Submit key documents for approval/review
- ▶ Project scope must conform to Board approval and CDBG contract

# Expenditure Requirement



- ▶ 1.5 expenditure rate requirement
  - April deadline
  - Reporting accuracy
  - Enhanced scrutiny
  - Consequences

# Monitoring Unit



- ▶ Handout–Common Findings Discussion
- ▶ Required Back up
- ▶ Timeliness



# Discussion Items



- ▶ Modifying project scope
- ▶ Confer w/ HCD Analyst before and throughout the process
- ▶ National Objective – 5 Year Requirement

## Provide as project progresses:

- ▶ Copy of bi-annual inventory of CDBG-acquired property (if applicable)
- ▶ Project progress photo
- ▶ Project completion photo
- ▶ Project Expenditure Projection (HCD form -- due prior to project commencement)
- ▶ 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> Quarterly Reports (due 30 days after end of each quarter)
- ▶ CAPER Report (due 30 days after end of fiscal year ending June 30)
- ▶ Certification/Notice of Project Completion
- ▶ Cost Allocation Plan (if applicable)
- ▶ Single audits, if applicable, or audited financial statements if available, for periods of time that project was underway
- ▶ Section 3 / MWBE documents
- ▶ Claims every 30 days
- ▶ Formal Bid Advertisement (with bid open date)
- ▶ Bid and Work Specification Documents (or Request for Proposal)
- ▶ Significant Procurement History Documents
- ▶ Section 3 Certifications, if applicable
- ▶ Executed Contract with Successful Bidder
- ▶ Contract Addendum/Change Orders, if applicable
- ▶ Contractor Eligibility – Excluded Parties List (EPLS) Printout
- ▶ Contractor Bonding Document(s)
- ▶ Federal (Davis Bacon) Wage Decision Number
- ▶ Certified Payroll Reports (Form WH-347) (reviewed and submitted weekly within 7 days of receipt)
- ▶ Statement of Compliance (Form WH-348) – Submitted weekly
- ▶ Record of Employee Interviews (Form HUD-11)
- ▶ Permits or verification that no permits are required
- ▶ Permit sign-offs

# Questions?

